# LEGISLATIVE SERVICES AGENCY
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## FISCAL IMPACT STATEMENT

**LS 6556** | **NOTE PREPARED:** Jan 16, 2011
**BILL NUMBER:** SB 601 | **BILL AMENDED:**

**SUBJECT:** Retirement Benefit Adjustment.

**FIRST AUTHOR:** Sen. Skinner | **BILL STATUS:** As Introduced
**FIRST SPONSOR:**

**FUNDS AFFECTED:** X **GENERAL** | **IMPACT:** State
**DEDICATED**
**FEDERAL**


**Summary of Legislation:** This bill provides that the pension portion of the monthly benefit payable to a member of the Indiana State Teachers' Retirement Fund (TRF) who retired before January 1, 1979, and has at least 20 years of creditable service may not be less than $500.


**Effective Date:** January 1, 2012.

**Explanation of State Expenditures:** The impact would increase state costs for the Teachers Retirement Fund by about $1.1 M the first year, declining slowly in later years. It would increase the fund’s unfunded accrued liability by about $6 M.

Currently, about 523 retired teachers would qualify for the increased benefit. The benefit amounts of an additional 88 members who are currently receiving a benefit greater than $500 would also be affected because their beneficiary would otherwise begin to receive less than $500 per month upon the members’s death.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Teachers Retirement Fund.

**Information Sources:** John Dowell, Nyhart Group, actuaries for TRF, 317-845-3580.

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.

DEFINITIONS

Funded Status- The ratio of the assets of a pension plan to its liabilities.

Actuarial Liability- The actuarial liability is the present value of benefits to be paid by the fund minus the present value of future contributions to be paid into the fund.

Unfunded Actuarial Liability- The unfunded actuarial liability, sometimes called the unfunded liability, of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.